Juniper

Internal Scrutiny Report

Financial Controls

2023-24

Michaela Community School

Review 2 of 3: April 2024

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Executive Summary

This report provides assurance that adequate controls are being operated within the trust, based on the understanding that the information provided during the review is accurate and complete. It should be noted however that recommendations to improve controls, if implemented, cannot guarantee that fraud or misappropriation could not occur.

Recommendations raised in the report issued should be considered by the board of trustees / Audit and Risk Committee to assist them in providing assurance over the suitability of, and compliance with, the systems and operational controls in place.

No fraud was identified or reported to us for the 2023-24 period. It remains the responsibility: of management to manage the control environment to help identify potential fraud and prevent the likelihood of fraud occurring.

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Introduction

The Academy trust handbook specifies

> *3.1 All academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.*

Providing that the trust has selected a scope of work for financial and non-financial controls and has considered its risk register, this Internal Scrutiny Report demonstrates how the trust meets the Academy trust handbook 2023 internal scrutiny requirements.

Please note that this report is an exception report and therefore only contains the details of any issues arising from the review of the scope of work detailed below.

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Scope

The relevant board, informed by its risk register approved the below scope of work:

Financial Governance	Balance Sheet Management
Internal controls and processes in place for Reporting, Scheme of Delegation and Financial Planning and Monitoring.	Review to determine the appropriateness and effectiveness of the controls and processes in place, around administration, approval, and segregation of duties in all areas of payroll processing.
Scheme of Delegation	Policies and Procedures
Financial Scrutiny	Aged Creditors
Financial Planning	Aged Debtors
Expenses	Control Account Reconciliations:
Budget Monitoring	Debtor Control/Sales Ledger Control Account
Reporting to trustees	Creditor Control/Purchase Ledger Control Account
Control Account Reconciliations	VAT
Bad Debts	Payroll
Key Performance Indicators	Accruals and prepayments
Unresolved issues	Sundry debtors and creditors

Income
Review to determine the controls and process in place for income and, if applicable, testing to determine the effectiveness of the controls.
Income processing policies and procedures
School Meals
Trips and activities

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Online income
Unresolved issues

Assessment of policy content for appropriateness is outside of the scope for this review. The trust should satisfy themselves that relevant policies are in place and that the content for each policy is appropriate.

Juniper does offer a separate review examining the policies in place and their content. Please contact the Juniper Audit Manager if this is something the trust would like to consider.

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Summary of work undertaken

Financial Governance

Controls and procedures to ensure sound financial governance were examined in the review. The written scheme of delegation of financial powers (Financial Regulations) were checked for compliance with the Academy trust handbook (ATH) s2.4. Terms of reference for committees with financial responsibility were examined and checked for appropriate review and approval.

The budget planning and forecast process was reviewed to ensure alignment with review and approval requirements set out in the ATH s2.10 and s2.16 and examined evidence that trustees had sufficient information to make informed decisions and that these decisions were recorded.

Management accounts provided to the chair and board of trustees were examined for content to ensure they meet the minimum requirements set out in the ATH s2.18 & s2.21 The frequency of their distribution and evidence of discussion at committee meetings were utilised to confirm appropriate oversight of the trust's financial position.

Financial regulations were examined for procedures regarding writing off bad debts.

Balance Sheet Management

Key balance sheet control account reconciliations were reviewed and checked alongside a trial balance for a selected accounting period. Checks for compliance with the academy or trust's Financial Regulations were undertaken and assessed against best practice controls and processes to give trustees assurance that the trust is maintaining good quality, complete records.

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Income

The focus of this area of review was income received from parents and students.

The review checked how the academy / trust ensures that income received from an online payment system is reconciled to the academy's / trust's financial accounting system.

The controls to ensure dinner money received was reconciled to meals taken was examined and arrears checked against policies in place.

The recording income and expenditure relating to trips and activities were examined and a sample of documentation for selected trips tested.

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Individual recommendations Key:

High Priority	Trustees must review this recommendation as a priority.
Medium Priority	Internal controls should be strengthened to minimise risk.
Low Priority	Internal control could be strengthened in line with best practice, but little risk of material loss.
Note/area of consideration	Comment for information only

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Summary of Findings

RAG	Finding	Recommendation
Financial Governance		
	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.	
Balance Sheet Management		
	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.	
Income		
	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.	

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Notes / Areas for Consideration

Financial Governance	
Financial Scrutiny	The academy does not have a separate Finance Committee. Section 2.5 of the Academy trust handbook specifies that the academy should have a finance committee to which the board delegates financial scrutiny and oversight, and which can support the board in maintaining the trust as a going concern. This should include good financial management and effective internal controls.
Balance Sheet Management	
Policies & Procedures	It is not documented within the policies examined that balance sheet management tasks are reviewed by someone senior to the person undertaking the reconciliations. It was advised that in practice the Headteacher oversees the reconciliations. It is advised that the senior independent review of the balance sheet management tasks is included in the academies policies.
Control account reconciliations	It was advised that the payroll control account is reconciled each month, but this is not evidenced. The payroll control account reconciliation should be evidenced and overseen by the senior independent employee each month.

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Key Contacts

Juniper Education Review Consultant	Sian Smith
Juniper Review Programme Manager	Joanne Ward FCCA
Juniper Audit Manager	Carly Quick Crockford ACCA
Information Provided by	Finance Manager
Exit meeting attended by	Finance Manager
Chair of the Board of Trustees	Chindi Amadi
Headteacher / AO	Katherine Birbalsingh
Finance Manager / CFO	Ali Mansfield
Financial Accounting System	Sage 50 Accounts Professional

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EMERGING ISSUES

Acquiring and Converting a New School

An education whitepaper published in March 2022, set out the Government's ambition for all schools to be part of a multi-academy trust by 2030. Trusts will be looking to acquire further schools. Juniper can help with the due diligence for this process. Please contact carly.quickcrockford@junipereducation.org should you require any further information.

Wellbeing

It has been reported that staff stress levels are high, leading to many staff leaving the education sector altogether. Mitigating the impact of stress in the workforce should be implemented into everyday trust life by use of a wellbeing charter and strategies and structures that are put in place. Juniper can assess the general wellbeing of staff and provide suitable recommendations to help improve staff wellbeing and staff retention. Please contact carly.quickcrockford@junipereducation.org should you require any further information.

Cyber Security

Cyber security has continued to be a growing area of concern and risk over the past 18 months, with more people working remotely and an increased frequency of email hacking, phishing and malvertising. The July 2020 governance update advises that schools should include an assessment of cyber security within their risk registers, and the ESFA have produced further guidance and suggested questions that trustees can ask on the National Cyber Security Centre website.

GDPR

An increasing number of schools are incurring unplanned costs, both direct and indirect, because of the increase in basic, and easily avoidable, data protection incidents and poorly managed school communications. This is combined with the increasing awareness of data subject of their right to bring a claim [on average in the order of £5,000 per claimant], directly against a school, leading to considerable potential risk to a school. Our GPDR associate has created a briefing video which helps you understand the changing risk to your school and employ some basic strategies and resources to help mitigate them and protect your school against unplanned costs. If you would like access to this briefing, please contact carly.quickcrockford@junipereducation.org

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USEFUL LINKS

ACADEMY TRUST HANDBOOK

The Academy trust handbook 2023 is effective from September 2023. Trustees should ensure that they have read this document and noted any changes to ensure any new requirements are adhered to.

Academy Trust Handbook 2023 (publishing.service.gov.uk)

INTERNAL SCRUTINY IN ACADEMY TRUSTS

This good practice guide provides guidance for trustees, audit and risk committees, accounting officers, and chief financial officers (CFOs) in academy trusts.

Internal scrutiny in academy trusts - GOV.UK (www.gov.uk)

Bespoke Reviews

If our portfolio of reviews does not include a particular area of interest or risk identified by the trust board, please contact us to discuss our bespoke review options.

Consulting

Juniper is available to provide consulting services in many areas of running a multi academy trust, from centralisation implementation and restructuring to expansion and attracting schools. Please contact us if you would like more information on our consulting work.

Non-Financial Reviews Offered

PE & Sports Premium Review

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Schools must use PE and sport premium funding to make additional and sustainable improvements to the quality of the PE, physical activity, and sport they provide. Our review will look at whether the funding is being used effectively to develop and add to your provision and examine your own evaluation of the impact using the 5 key indicators set out in the DfE guidance.

Pupil & Recovery Premium Review

Evidence shows that disadvantaged children generally face additional challenges in reaching their potential at school and often do not perform as well as other pupils. Pupil and recovery premium grants provide funding for schools to provide extra support for these pupils. Our review team will take on the role of ‘critical friend’, highlighting areas of strength around the school’s approach to the use of the premiums, but also identifying what can be improved.

Safeguarding Internal Scrutiny Review

Keeping pupils safe is a core responsibility of schools and is rightly a key part of legislation and inspection. A safeguarding internal scrutiny review will assure settings of what they are doing well and provide recommendations to further improve practice and meet and exceed statutory expectations.

SEND Internal Scrutiny Review

Children and young people with special educational needs and disabilities should achieve well in their early years, at school and in college, and lead happy and fulfilled lives. Supporting SEND pupils safe is a core responsibility of schools and is rightly a key part of legislation and inspection. A SEND internal scrutiny review will assure settings of what they are doing well and provide recommendations to further improve practice and meet and exceed statutory expectations.

SEND Ofsted Audit

Though Ofsted doesn’t give separate grades for a school’s SEND provision, the evidence gathered is used to inform other judgements. Therefore, schools may find it useful to consider their provision in the same way as an inspection might.

We are pleased to offer an audit focussing on Ofsted criteria, in particular the requirements of paragraphs 360 to 364 of the inspection handbook.

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Sustainability Internal Scrutiny Review

Children and young people should have an understanding of the effects that human use of the world's resources has on them as individuals (including health, wellbeing, and financial wellbeing), the school community, their locality and the world. Our review team will take on the role of 'critical friend', highlighting areas of strength around the sustainability agenda, but also identifying what can be improved.

Teaching & Learning Review

Children and young people's education through the pandemic has suffered. Research is clear that some groups of pupils have fallen further behind than others. A key responsibility of schools is the need to prioritise the teaching of missed content so that pupils will be able to make sense of later work in the curriculum. This includes key knowledge, skills, vocabulary, concepts, and the links between concepts. Our review team will take on the role of 'critical friend', highlighting areas of strength around the school's approach to teaching for education, but also identifying what can be improved.

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